



GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 10, 2015

CERTIFIED RETURN RECEIPT

7013 3020 0002 3659 5781

David Morris
Rosen Valley Stone
18000 North 59350 West
Park Valley, Utah 84329

Subject: Periodic Review of Reclamation Surety, Rosen Valley Stone, Dove Creek Quarry, M/003/0016, Box Elder County, Utah

Dear Mr. Morris:

The reclamation cost estimate for the Dove Creek quarry was last reviewed in 2005, and the amount of reclamation surety required was escalated to 2010 dollars. The Division of Oil, Gas and Mining did not review the cost estimate because it understood the mine plan would soon be revised and because the mine was inactive.

The Division has now used the calculation done in 2005 as the basis for adjusting the cost estimate. Please see the attached spreadsheet. Actual escalation and de-escalation figures were used for 2005 through 2014, and the average cost change over the past five years (1.2 percent) was used to escalate this figure five years into the future (2020). Based on these calculations, the amount now required for the surety is \$75,600.00. This is an increase of \$10,600.

Please provide the increased surety by September 14, 2015. You may provide a letter of credit, a surety bond, a certificate of deposit, or cash for either the increased or total amount. The Division will release your current reclamation surety if you provide a new surety for the full amount. Please contact Penny Berry at (801) 538-5291 or by e mail at pennyberry@utah.gov for further information about submitting the surety. Current bonding forms are available on the Internet at <http://www.ogm.utah.gov/minerals/MINERALSFORMS.htm>.

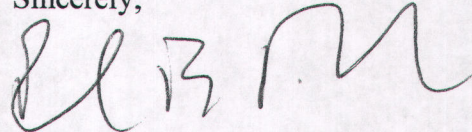
Please provide an updated Notice of Intention to Commence Large Mining Operations (Notice) by June 1, 2016. This new Notice will need to include an updated reclamation cost estimate based on the current operations and reclamation plans. Without the updated Notice, continued operation of the mine site may be in jeopardy.



Page 2 of 3
David Morris
M/003/0016
August 10, 2015

Thank you for your help in keeping the surety current. Please contact Lynn Kunzler at 801-538-5310 or myself at 801-538-5261 if you have questions concerning this requirement.

Sincerely,

A handwritten signature in dark ink, appearing to read 'P.B. Baker', with a stylized flourish at the end.

Paul B. Baker
Mining Program Manager

PBB:lk:pb

Attachment: Reclamation cost escalation

cc: Heidie Torrealday, USFS (htorrealday@fs.fed.us)

P:\GROUPS\MINERALS\WP\M003-BoxElder\M0030016-DoveCreek\final\escalate-08072015.doc

Surety Escalation
Dove Creek Quarries

M/003/0016

August 7, 2015

year calculated	Percentage increase/year	Factor	Surety amount in <year> dollars	
2001	4.21%	1.0421		
2002	2.02%	1.0202	\$0.00	
2003	1.71%	1.0171	\$0.00	
2004	0.84%	1.0084	\$0.00	
2005	3.99%	1.0399	\$58,783.00	
2006	5.44%	1.0544	\$61,128.44	
2007	2.12%	1.0212	\$64,453.83	
2008	-3.40%	0.966	\$65,820.25	
2009	2.90%	1.029	\$63,582.36	
2010	1.80%	1.018	\$65,426.25	
2011	2.90%	1.029	\$66,603.92	
2012	3.40%	1.034	\$68,535.44	
2013	1.50%	1.015	\$70,865.64	
2014	-1.31%	0.987	\$71,928.63	
2015	-1.00%	0.99	\$71,209.34	Average of previous five years
	Escalation rate			
2020	1.2%	1.012	\$75,585.679	
			\$75,600.00	Rounded to nearest \$100

Rounded to nearest \$100

Note: The surety amount is listed in the row of the year in which it was calculated.
The escalation factor for a year is applied to the surety amount to take it to the next
year.